No. 78-1935

In the
Supreme Court of the United States
October Term, 1978

JOHN O. BUTLER COMPANY,
Petitioner,

vs.

ROBERT M. LAFF,
Respondent.

REPLY BRIEF FOR THE PETITIONER

Irwin C. Alter
Jerry A. Schulman
208 S. LaSalle Street
Chicago, Illinois 60604
312/337-2100
Attorneys for Petitioner

Of Counsel:
Alter and Weiss
208 S. LaSalle Street
Chicago, IL 60604
312/337-2100

The Scheffer Press, Inc.—(312) 263-6850

TABLE OF AUTHORITIES

PAGE

CASES

Jane Aronson v. *Quick Point Pencil Company,* ..... U.S. ..... 99 S.Ct. 1096 (1979) 6

Brulotte v. *Thys Company,* 379 U.S. 29 (1964) 6

Chechik v. *Koletsky,* 305 Ill. 518, 137 N.E. 419 (1922) 3

Coble v. *Chicago Health Clubs,* 53 Ill.App.3d. 1019, 369 N.E.2d. 188 (1977) 3

Compco Corp. v. *DayBrite Lighting, Inc.,* 376 U.S. 234 (1964) 5, 6

Deckard v. *Joiner,* 44 Ill.2d. 412, 255 N.E.2d. 900 (1970) 3

Impey v. *City of Wheaton,* 60 Ill.App.2d 99, 208 N.E.2d. 419 (2nd Dist. 1965) 3

Kewanee Oil Company v. *Bicron Corporation, et al.,* 416 U.S. 470 (1974) 4, 5, 6

Lear, Inc. v. *Adkins,* 395 U.S. 653 (1969) 6

Sears Roebuck & Co. v. *Stiffel,* 376 U.S. 234 (1964) 5, 6

Starnes v. *Aetna Casualty and Surety Co.,* 503 S.W. 2d. 129 (Mo. Ct.App. 1973) 3

Strom v. *Strom,* 13 Ill.App.2d. 354, 142 N.E.2d. 172 (1957) 3

Walters v. *Mercantile National Bank of Chicago,* 380 Ill. 477, 44 N.E.2d. 429 (1942) 3

Warner-Lambert Pharmaceutical Co., Inc. v. *John J. Reynolds, Inc.,* 178 F.Supp. 655 (S.D.N.Y. 1959), *aff'd. without opinion* 280 F.2d. 197 (2nd Cir. 1960) 5

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1978

No. 78-1935

JOHN O. BUTLER COMPANY,

Petitioner,

vs.

ROBERT M. LAFF,

Respondent.

REPLY BRIEF FOR THE PETITIONER

Respondent predictably argues, in his cursory and superficial Response, that no important issues are raised in the Petition for a Writ of Certiorari.

The effect of the decision below is to set up a principle of law under which the licensor of a purported trade secret may create perpetual liability for a licensee, even while avoiding response to a showing that the trade secret was not, in fact or at law, a trade secret, where no written agreement between the parties calls for this. Such a principle is contrary to earlier holdings of this Court, as set forth in the Petition.

Respondent seriously misleads this Court when stating that the issues raised herein were not properly before

the trial judge. Nowhere does Respondent specifically refute the showing in the Petition for Writ of Certiorari that, indeed, the trial judge and the justices of the Illinois Appellate and Supreme Courts were advised of the federal issues raised herein, had the opportunity to *properly* consider the issues, and failed to do so. Instead, counsel for Respondent relies simply upon his own "recall" to assert that no federal issues were involved during the trial of the present case.

Even more important, there is a serious difference of opinion between Petitioner and Respondent concerning whether the trial in the Circuit Court of Illinois was still going on for the purpose of receiving offers of proof made by Petitioner and considering same to determine a final damage amount.

Petitioner has argued law and facts at each stage of this case to show that the trial had not ended; Respondent has taken a contrary position, but has argued no law or facts to support it. Instead, Respondent accuses Petitioner of deliberately misleading this Court as to the judgment of the trial court. This is a direct misrepresentation, contradicted by the record below, and is nothing more than an attempt by Respondent to exalt form and deny inquiry into substance.

Respondent *admits* that the dollar amount of the judgment was yet to be resolved at the time the offers of proof were made; Petitioner's argument that a just resolution of such amount required consideration of the offers of proof certainly is no misrepresentation, as counsel for Respondent has so accusingly labeled it.

Respondent's references to the judgment order are equally confusing and misleading; the order was a draft,

authored by Respondent and signed by the trial judge while the cause was still in progress. In fact, Respondent should well know that mere words of finality in a purported judgment order are not, in and of themselves, determinative of the finality of the proceedings. *Walters* v. *Mercantile National Bank of Chicago,* 380 Ill. 477, 44 N.E.2d. 429 (1942). See also *Coble* v. *Chicago Health Clubs,* 53 Ill. App.3d. 1019, 369 N.E.2d. 188 (1977); *Chechik* v. *Koletsky,* 305 Ill. 518, 137 N.E. 419 (1922); *Impey* v. *City of Wheaton,* 60 Ill.App.2d. 99, 208 N.E.2d. 419 (2nd Dist. 1965); and *Starnes* v. *Aetna Casualty and Surety Co.,* 503 S.W.2d. 129 (Mo. Ct. App. 1973). Further, as set forth in the Petition for Writ of Certiorari, as well as in all arguments of this case before every tribunal to date, Illinois case law demonstrates that proceedings cannot be considered terminated where matters of substantial controversy remain undetermined between the parties. *Deckard* v. *Joiner,* 44 Ill.2d. 412, 255 N.E.2d. 900 (1970). See also *Strom* v. *Strom,* 13 Ill.App.2d. 354, 142 N.E.2d. 172 (1957).

Based upon this authority, Petitioner has asserted that in reality no final order was entered by the Court relating to damages, and that the trial judge, after ruling on liability, made no order finally determining what the amount of damages was to be. Instead, the trial judge requested and conducted further discovery as to a final damage amount. Evidence as to the allowable damages goes to the very heart of the issues presented in the Petition for Writ of Certiorari, and Respondent has devoted absolutely no text and has cited no authorities in its reply brief to support his contentions.

Choosing to ignore the facts, Respondent argues that no federal questions were presented below, then proceeds

to admit, at page 4 of his brief, that the precise questions at issue were raised in the Illinois Appellate Court. Thus, Respondent concedes that issues relating to inconsistency with other pre-emption cases were raised by Petitioner.

By failing to cite authorities or, most importantly, the record in the present case, Respondent thus admits he cannot support his argument in any adequate legal manner.

Equally misleading is Respondent's statement that the substance of the materials presented in the offers of proof were that new counsel would have done a better job than the original trial counsel. This is no more than a red herring calculated to divert this Court's attention as a substitute for convincing argument.

The substance of the offers of proof was a demonstration that Respondent's alleged trade secret was, in fact, known to the profession, was independently developed by Petitioner prior to any work done by Respondent, and related directly and tellingly to the calculation of damages in the present case. No offer of proof could be more relevant and less dilatory.

It should be noted that, in *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974), this Court affirmed a holding that limited the term of an injunction against use of a trade secret until the secret had been made public by, *inter alia*, a third party. In precisely analogous fashion, proof that Respondent's alleged trade secret had entered the public domain should properly limit damages for its purported use.

With respect to Respondent's gratuitious citation of the authorities listed in Petitioner's brief to the Illinois Appellate Court, said brief has been amply cited in the Petition for Writ of Certiorari, along with Petitioner's earlier filed pleadings (pp. 3-9) and, if it is true that one should not judge a book by its cover, it must also be true that reciting the table of contents is likewise no substitute for the book itself.

In like manner, Respondent's comments as to the statement of facts presented by Petitioner again shed no light on the present case that would be helpful to the Court, but rather is part of Respondent's continuing attempt to demean and trivialize Petitioner's presentation of the important federal questions present here.

As in all previous briefs and arguments submitted by Respondent throughout this litigation, Respondent argues unfounded generalities rather than squarely on the issues. In fact, Respondent's reply brief completely misses the point as to the issues to be resolved by this Court.

An excellent example is Respondent's argument that the Illinois Appellate Court, in relying upon the *Warner-Lambert* decision, did not actually apply a statement of federal law. Respondent presumably makes this argument to somehow demonstrate that no federal questions are raised in the present case, while completely ignoring the fact that the effective result of the actions of the trial court and Appellate Court below was to exceed the guidelines established by this Court in such cases as *Kewanee* and *Sears/Compco*. Respondent is blind to the fact that a state court *can* violate these guidelines without making specific reference to them.

CONCLUSION

We are arguing here about the limitations that the doctrine of federal preemption places upon the individual states when considering actions involving trade secrets. Nothing Respondent has presented has spoken to this point, has presented any material which would be helpful to this Court, or has even acknowledged the importance of this area of the law.

Unresolved preemption problems in this area of law have been taken up on a regular basis by the Supreme Court over many years, amply demonstrating their importance.* Beyond this, it should be noted that the Section of Patent, Trademark and Copyright law of the American Bar Association maintains a sub-committee entitled "Validity of Contracts to Make Contiuing Royalty Payments in Consideration of Disclosure of Trade Secret". *Committee Reports, Section of Patent, Trademark, and Copyright Law, American Bar Association,* pp. 200-201. Such is the continuing concern that exists with respect to the type of agreements here at issue.

We urge this Court to grant certiorari so that the individual states, and concerned practitioners in this area

---

* *Aronson* v. *Quick Point Pencil Co.*, ... *U.S.* ....., 99 S. Ct. 1096 (1979); *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974); *Lear, Inc.* v. *Adkins,* 395 U.S. 653 (1969); *Brulotte* v. *Thys Co.,* 379 U.S. 29 (1964); *Sears Roebuck & Co.* v. *Stiffel,* 376 U.S. 234 (1964). *Compco Corp.* v. *DayBrite Lighting, Inc.,* 376 U.S. 234 (1964).

of law, will have the benefit of clear guidelines in dealing with agreements concerning alleged proprietary information.

Respectfully submitted,

IRWIN C. ALTER
JERRY A. SCHULMAN
ALTER AND WEISS
208 S. LaSalle Street
Chicago, Illinois 60604
312/337-2100
Attorneys for Petitioner

Of Counsel:
ALTER AND WEISS
208 S. LaSalle Street
Chicago, Illinois 60604
312/337-2100